A. CP Text: Just governments should implement declarations of general applicability with regard to all collective agreements and abolish statutory minimum wage requirements. Schulten 12:

Thorsten Schulten, Doctor of philosophy at Institute of Economic and Social Research, “The significance of extension procedures for collective bargaining systems in Europe”, 2012

Clearly, factors other than the unions’ organising strength must also be playing a decisive part in the reach and stability of collective bargaining systems. By the turn of this century, Traxler et. al. (2001, p. 194ff.) were already putting forward the thesis that in the majority of European countries, the most important variable explaining the high agreement coverage is the existence of State provisions supporting the collective bargaining system. One of the most important means available to the State for steering this issue is the instrument of the declaration of general applicability (DGA) of collective agreements. By a legislative act of the State, the DGA extends the applicability of a collective agreement beyond the immediate parties to it, so that it covers all workplaces and employees in a certain area and/or sector. The agreement’s reach can thus be significantly increased and the collective bargaining system as a whole can be stabilized.¶ Despite the considerable steering potential offered by the DGA instrument, the many studies of the development of collective bargaining systems in Europe have usually assigned it only a subsidiary role (cf. e.g. Rebhan 2003; Ministerio de Trabajo y Asuntos Sociales 2004; Sciarra 2007; Du Caju et al. 2008; Hekimler/Ring 2012). On the other hand, the few existing studies that explicitly examine the DGA instrument generally restrict themselves to schematic overviews and legislative comparisons of the formal conditions governing DGAs (Traxler/Behrens 2002; Rebhan 2002; Burgess 2003; Ahlberg/Bruun 2009; Stokke 2010; Kamanabrou 2011; Kerckhofs 2011). The following analysis therefore looks beyond the predominantly legalistic special discourses to the question of the current significance of DGAs for the development and stability of collective bargaining systems in Europe. ¶ After a theoretical discussion of the basic functionality of DGAs and their significance from the perspective of the social actors involved (the State, trade unions and employers) (Section 2), the various national specificities in the use and distribution of DGAs are analysed, as are possible functional equivalents (Section 3). A further step is then to examine what influence the use of DGAs currently has on bargaining coverage in Europe and how it is related to the organizing power of unions and employers (Section 4). Finally, against the background of current European policy trends on collective bargaining, possible development prospects for DGAs are discussed (Section 5).¶ 2. Basic function of extension of collective agreements¶ The basic function of extension procedures is closely bound up with the particular nature and purpose of collective agreements (cf. also Bispinck’s contribution to the present publication). Rooted in the structural imbalance of power between labour and capital, the original aim of collective agreements was to limit competition among individual workers by means of collective arrangements and to safeguard certain (minimum) labour standards. Over time, however, with the emergence of regional collective bargaining systems, the social and economic regulating functions of collective agreements have been extended further and further, particularly in Western Europe (Müller-Jentsch 1997, p. 202ff.; Bispinck/Schulten 1999). From the workers’ point of view, the immediate protective function has been supplemented by a distributive and participative function, enabling them to exercise democratic participation in economic development. But as seen by the employers, collective agreements mainly have a cartel function, by creating a situation in which competition on wage and labour costs is largely abolished. In addition, there is an order and peace function which ensures that, during the validity of a collective agreement, enterprises can count on the plannable and mostly undisrupted conduct of their economic activities. Finally, from the State’s point of view, collective agreements whose particular characteristic is “autonomous self-regulation” (Sinzheimer 1916/1977) have an important offloading function, as they enable the authorities to steer clear of regulating certain potentially conflictual issues of labour, wage and, to some extent, social policy.

B. Competition

mutual exclusivity- the counterplan abolishes the minimum wage since it expands jurisdiction of collective agreements

2. net benefits—

Statutory minimum wage codes directly trades off with workers’ abilities to engage in collective bargaining. ILO 08:

International Labour Organization, CREDENTIALS, “Minimum wages and collective bargaining: Towards policy coherence”, Published by the International Labour Office, 2008

This section focuses on the appropriate articulation and design of minimum wages and¶ collective bargaining policies. As we have seen, in many countries collective bargaining¶ is facing diffi cult challenges, which may be linked to globalization, new forms of¶ employment or the growth of subcontracting. In other countries, collective bargaining¶ has been presented as a source of rigidity and the common recommendation has been¶ to replace higher level collective bargaining with bargaining at the enterprise level.¶ In many of these cases, to protect the most vulnerable workers in the labour market,¶ governments seem to have turned towards minimum wages policies as a substitute¶ for collective bargaining. In the absence of strong collective bargaining, governments¶ somehow seem compelled to intervene in wage determination through minimum wages.¶ This has sometimes led to very complicated systems of industry, sectoral and occupational¶ minimum wages.¶ The reliance on overly complex systems of minimum wages rather than collective¶ bargaining is unfortunate for at least two reasons. First, the role of collective bargaining¶ goes much beyond protecting vulnerable workers – it actually benefi ts a broader¶ spectrum of workers than do minimum wages. Collective bargaining also goes beyond¶ wage negotiations to include other aspects of working conditions, such as hours of¶ work and quality of employment. Second, minimum wages that set wage rates for many¶ categories of workers in different industries can end up discouraging collective bargaining¶ instead of stimulating it. While some negotiations between social partners over¶ minimum wages have contributed to stimulating collective bargaining, in the majority¶ of cases complex minimum wages were found to “crowd out” collective bargaining.¶ This negative experience points towards the importance of careful and coherent policy¶ design. In the following paragraphs we therefore review some good practices related¶ to the design of a complementary and coherent set of minimum wages and collective¶ bargaining policies.

C. Solvency-

Studies of the economic effects of collective bargaining prove that average wages increase more over time when wages are determined through collective bargaining. ILO 2:

International Labour Organization, CREDENTIALS, “Minimum wages and collective bargaining: Towards policy coherence”, Published by the International Labour Office, 2008

5.1. Collective bargaining, productivity and wages¶ We fi rst look at the effect of collective bargaining on average wages. In the light of the¶ apparently weakening correspondence between wages and economic growth discussed¶ earlier in this report, we examine the impact of collective bargaining on wage elasticity¶ (i.e. the responsiveness of wages to changes in GDP per capita). To do so we separated¶ our sample of countries into two groups: a “high coverage” group and a “low coverage”¶ group. High coverage is defi ned as a coverage rate above 30 per cent, while low coverage¶ is defi ned as coverage of 30 per cent or below. This threshold divides the countries¶ in our sample into two groups of roughly equal size.¶ The results indicate a positive relationship between collective bargaining and¶ wage elasticity. As fi gure 19 shows, for the low-coverage countries the wage elasticity¶ stands at about 0.65 – below the world average of 0.75 (as calculated in section 2.2).¶ In other words, in the countries in which collective bargaining is not a signifi cant tool¶ for wage determination, each additional 1 per cent growth in GDP per capita is typically¶ accompanied by a 0.65 per cent increase in average wages. In the case of highcoverage¶ countries, the wage elasticity is much higher. Figure 20 shows that in those¶ countries, an extra 1 per cent growth in GDP per capita is accompanied on average by a¶ 0.87 per cent increase in average wages. Hence, it seems that in the presence of signifi -¶ cant collective bargaining coverage, real wages are much more strongly connected to¶ economic growth. 69